

Message Text

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OMB-01 DOE-15 /129 W
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R 282122Z JUL 78
FM AMEMBASSY PARIS
TO SECSTATE WASHDC 5461
INFO ALL EC CAPITALS
AMEMBASSY CANBERRA
AMEMBASSY OTTAWA
AMEMBASSY TOKYO
USMISSION GENEVA

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PASS AGRICULTURE AND STR ELECTRONICALLY

USEEC

USMTN

E.O. 11652: N/A
TAGS: ETRD, EAGR, MTN, GATT, EEC, FR
SUBJ: FRENCH CONCERNS ABOUT THREATS TO THE CAP

1. SUMMARY: FRENCH SENSITIVITIES ABOUT AGRICULTURE ARE NEVER FAR FROM THE SURFACE AND ARE ONCE AGAIN COMING TO THE FORE. LONG-STANDING FRENCH PSYCHOSES CONCERNING REAL OR IMAGINED "PLOTS" AGAINST THE CAP ARE MANIFEST IN WIDESPREAD PRESS ATTENTION -- PARTLY STIMULATED BY GOVERNMENT STATEMENTS. THREE LARGELY UNRELATED DEVELOPMENTS HAVE COINCIDED TO GRATE ON FRENCH NERVES
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IN MID-SUMMER. THESE ARE: (A) THE GENEVA FRAMEWORK OF UNDERSTANDING ON THE MTN AND ITS SUBSEQUENT POLITICAL VALIDATION AT THE BONN SUMMIT; (B) RENEWED BRITISH INSISTENCE ON CAP REFORM AND THE LINK MADE BY OWEN BETWEEN THIS SUBJECT AND THE PROPOSED EUROPEAN MONETARY SYSTEM; AND (C) EC ENLARGEMENT WITH THE PROSPECT OF INCREASED MEDITERRANEAN AGRICULTURAL COMPETITION. THE

CURRENT FRENCH SIEGE MENTALITY TENDS TO PUT THE FIRST TWO FACTORS TOGETHER AS EVIDENCE THAT THE U.S. AND THE UK ARE CO-CONSPIRATORS AT JUST THE MOMENT WHEN ENLARGEMENT NEGOTIATIONS WILL INEVITABLY PLACE INCREASED STRAINS ON THE CAP. THE EMBASSY CONSIDERS THAT VIGOROUS PURSUIT OF OUR AGRICULTURAL AND TRADE POLICY INTERESTS IS CLEARLY ESSENTIAL. TO THE EXTENT POSSIBLE, WE HOPE THAT U.S. TACTICS CAN BE HANDLED SO AS TO AVOID UNNECESSARILY FUELING FRENCH RESENTMENT ON AGRICULTURE. IN PARTICULAR, WE BELIEVE THAT OUR POSITIONS SHOULD BE IMPLEMENTED IN SUCH A WAY AS TO AVOID TOO CLOSELY TIEING US TO THE BRITISH. THEY HAVE THEIR OWN INTERESTS AND OWN REASONS FOR ACTING WHICH PRESUMABLY DO NOT COINCIDE COMPLETELY WITH OUR OWN. END SUMMARY.

2. THE MTN. THE GENEVA FRAMEWORK OF UNDERSTANDING HAS BEEN GREETED WITH DISMAY BY THE FRENCH FOR VARIOUS REASONS. ONE OF THE MOST IMPORTANT IS THAT, FOR THE FIRST TIME IN THE HISTORY OF THE CAP, THE COMMUNITY SEEMS TO BE SERIOUSLY POINTED TOWARD LIMITS ON AGRICULTURAL EXPORT SUBSIDIES AS A GENERAL POLICY. AFTER THE BONN SUMMIT GISCARD D'ESTAING EMPHASIZED PUBLICLY THE FRENCH RESERVATIONS ABOUT "WHAT HAD BEEN IMAGINED ABOUT AGRICULTURE" IN THE GENEVA STATEMENT. HE INSISTED THAT THE EC COMMISSION HAD EXCEEDED ITS MANDATE. PHILIPPE LEMAITRE REPORTED IN LE MONDE THAT LIMITED OFFICIAL USE

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"FOR THE PRESIDENT OF THE REPUBLIC, THE SUPPORT OF THE SEVEN IS FOR THE PROGRESS THAT HAS BEEN MADE AND NOT FOR THE (GENEVA) REPORT ITSELF." IN THE WORDS OF JEAN-FRANCOIS DENIAU, MINISTER OF FOREIGN TRADE, "THERE WAS NO APPROVAL OF THE GENEVA REPORT BY THE SEVEN. THE TEXT HAS BEEN NEUTRALIZED."

3. DESPITE THESE CONFIDENT PRONOUNCEMENTS, HOWEVER, THE FRENCH EVIDENTLY FEEL THEMSELVES TO BE INCREASINGLY ISOLATED AND ON THE DEFENSIVE IN THE MTN FRAMEWORK AND WITHIN THE COMMUNITY. THEY WILL BE DOUBLY VIGILANT IN THE FALL. SOME PEOPLE FEAR THAT IT IS ALREADY TOO LATE TO GET THE CAP HORSE BACK INTO THE BARN AND THE DOOR LOCKED. INCIDENTALLY, THE FRENCH ARE AWARE OF DEFICIENCIES IN THE CAP: THE FACT THAT IT HAS OPERATED REPEATEDLY TO CREATE SURPLUS PRODUCTION THAT MUST BE PUT ON THE WORLD MARKET OR OTHERWISE GOTTEN RID OF; AND THE FACT THAT IT HAS REDUCED FRANCE'S EUROPEAN MARKETS BY ENCOURAGING SELF-SUFFICIENCY IN OTHER COMMUNITY COUNTRIES. DOMINANT OPINION REMAINS OF THE VIEW, HOWEVER, THAT VERY MUCH TINKERING WITH THE CAP ITSELF OR IMPOSITION OF EXTERNAL RESTRAINTS RISKS DERAILING THE

CAP -- THE POLITICAL AND FINANCIAL BARGAIN IT REPRESENTS
AS WELL AS ITS COMPLICATED TECHNICAL MACHINERY.

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4. BRITISH CRITICISM OF THE CAP. THE FRENCH HAVE NEVER
REALLY BEEN COMFORTABLE ON AGRICULTURAL MATTERS WITH THE
BRITISH INSIDE THE COMMUNITY. RECENT STATEMENTS BY
CALLAGHAN, HEALY, OWEN, AND SILKIN HAVE LED TO PRESS
COMMENT ACCUSING THE BRITISH OF "DRIVING A WEDGE" INTO
THE CAP AND MOUNTING AN "OFFENSIVE" AGAINST IT. IN
PARTICULAR, DAVID OWEN'S CALL SEVERAL DAYS AGO AT THE
EC FOREIGN MINISTERS MEETING FOR FUNDAMENTAL CAP REFORM
HAS PROVOKED A VIGOROUS FRENCH PRESS RESPONSE. THE LINK
THAT OWEN MADE BETWEEN CAP REVISION AND BRITISH SUPPORT
FOR THE PROPOSED NEW EUROPEAN MONETARY SYSTEM IS
INTERPRETED BY THE FRENCH AS A TACTIC TO COVER THE
PROBABLE UK DECISION NOT TO JOIN THE MONETARY SYSTEM.
BUT IT IS ALSO SEEN AS RENEWED CONFIRMATION OF THE UK'S
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DETERMINATION TO REOPEN THE AGRICULTURAL BARGAIN THAT PERMITTED BRITISH MEMBERSHIP IN THE COMMUNITY.

5. BRITISH PRESSURES FOR CHANGES IN THE CAP AND A REDUCED UK FINANCIAL CONTRIBUTION, ON THE ONE HAND, AND THE U.S. "VICTORIES" IN GENEVA AND BONN, ON THE OTHER HAND, ARE VIEWED BY THE FRENCH AS MORE THAN COINCIDENTAL. THEY ARE SEEN AS EVIDENCE OF A LONDON-WASHINGTON AXIS AIMED AT UNDERMINING THE CAP. A TYPICAL EXAMPLE IS A RECENT LES ECHOS STORY ENTITLED, "COMBINED ANGLO-AMERICAN OFFENSIVE AGAINST GREEN EUROPE." WHILE THE AGITATED TONE OF THE PRESS STORIES MIGHT BE DISCOUNTED, THEY UNDOUBTEDLY REFLECT THE SUSPICIONS OF SOME FRENCH OFFICIALS AND FARM GROUPS.

6. ENLARGEMENT. THE MTN PRESSURES FROM OUTSIDE AND THE BRITISH PRESSURES FROM INSIDE OCCUR WHEN FRENCH FARM FORCES ARE ALREADY ACUTELY SENSITIVE TO THE RISKS OF EC ENLARGEMENT. GISCARD, WHO FAVORS ENLARGEMENT FOR POLITICAL REASONS, HAS BEEN LABORING TO CONVINCE FRENCH MEDITERRANEAN INTERESTS THAT THEY CAN LIVE WITH THE IBERIAN PENINSULA AND GREECE INSIDE THE COMMON MARKET. FOLLOWING HIS RECENT VISITS TO PORTUGAL AND SPAIN, GISCARD MET WITH FRENCH AGRICULTURAL LEADERS TO REASSURE THEM. HE PLEDGED TO OBTAIN FROM THE COMMUNITY THE CREATION OR STRENGTHENING OF CAP REGULATIONS FOR WINE, FRUITS AND VEGATABLES. HE ALSO SAID THAT THERE SHOULD BE FLEXIBLE TRANSITIONAL ARRANGEMENTS TIED TO IMPROVEMENT IN ECONOMIC AND SOCIAL CONDITIONS IN THE NEW MEMBER COUNTRIES, THIS IN ORDER TO EQUALIZE CONDITIONS OF COMPETITION WITH FRENCH PRODUCERS.

7. THE PRESIDENT OF THE MAJOR FARM ORGANIZATION
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(FNSEA), DEBATISSE, HAS RECENTLY SOFTENED HIS OPPOSITION TO ENLARGEMENT DECLARING THAT "THE NEW DEMOCRACIES ALSO MUST BE ASSISTED IN THEIR INTEGRATION," ALTHOUGH AGRICULTURAL ADJUSTMENTS WERE NECESSARY FOR THEM AS WELL AS FOR FRANCE. HIS NEW POSTURE SUPPORTING GISCARD PLACES HIM FOR THE FIRST TIME IN OPPOSITION TO HIS LONG-TIME ALLY JACQUES CHIRAC ONLY A FEW MONTHS BEFORE THE EUROPEAN PARLIAMENTARY ELECTIONS. CHIRAC, OF COURSE, ANNOUNCED THE GAULLISTS' OPPOSITION TO ENLARGEMENT WHILE GISCARD

WAS STILL IN SPAIN. COMMUNISTS' OPPOSITION IS ALSO
BASED ON AN APPEAL TO THE FARM GROUPS. THE SOCIALISTS
ARE IN FAVOR BUT HAVE ADOPTED A MORE NUANCED AGRICUL-
TURAL POSITION THAN GISCARD.

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8. CONCLUSION: THE FRENCH HAVE ALWAYS BEEN EXTREMELY
DIFFICULT TO DEAL WITH ON AGRICULTURE. THE PRESENT
PERIOD IS NO EXCEPTION. A U.S. STRATEGY COMBINING
PERSUASION WITH PRESSURE AND THE IMPLICIT THREAT OF
ISOLATION IS PROBABLY THE ONLY REALISTIC APPROACH.
THE EXACT MIX BETWEEN THESE TWO ELEMENTS, OF COURSE,
DEPENDS ON THE TACTICAL SITUATION AT ANY GIVEN MOMENT.
THROUGH THE GENEVA FRAMEWORK DOCUMENT, AND SUBSEQUENT
HANDLING OF THE ISSUE IN BONN, WE HAVE CERTAINLY
GOTTEN THE FRENCH INTO A DIFFICULT NEGOTIATING
POSTURE. AS A CONSEQUENCE, THEY WILL HAVE THEIR GUARD
UP EVEN MORE THAN USUAL FOR THE BALANCE OF THE TOKYO
ROUND. VIGOROUS PURSUIT OF U.S. AGRICULTURAL AND TRADE

POLICY OBJECTIVES IS CLEARLY NECESSARY. THE EMBASSY
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HOPES THAT WASHINGTON WILL KEEP TWO TACTICAL POINTS IN
MIND, HOWEVER. FIRST, ANYTHING WE CAN DO TO CONVINCE
THE FRENCH THAT WE ARE TRYING TO DEAL ONLY WITH
INTERNATIONAL CONSEQUENCES OF THE CAP -- NOT KILL THE
SYSTEM -- WILL BE VERY HELPFUL. SECOND, IT WOULD BE
USEFUL TO MAKE CLEAR TO THE FRENCH THAT WE ARE PURSUING
OUR OWN OBJECTIVES INDEPENDENTLY OF THE BRITISH.
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